

4/10/81

## MEMORANDUM FOR THE RECORD H

SUBJECT: The Top-Level Management of IHSs

1. In most environments, there exists two separate, parallel processes for top-level management of IHSs: budgeting and management. They are separate principally because their phasing is different. The budgetary process is externally driven by a periodic, government-wide process and the management process is internally driven by the particular exigencies of projects and is not periodic. Coordination of the event schedules for these two different processes is difficult, if not impossible. Only in functional areas, where projects of significant size do not generally exist, but rather categories of effort, can they be effectively combined. In these instances, the management reviews can readily be synchronized to the annual budget development and review process.

2. At the Agency, we currently have only one process for management of IHSs: the budget process. The method of operation appears to be governed by practice rather than specific guidance. The practice is: receipt of budgeted funds constitutes authority to spend it, within the line item categories of its composition. This is usually acceptable for categories of effort, because they affect the operational responsibilities of only the budgeting office. In the case of projects, however, the financial commitments are usually large and the dependencies ecumenical. Frequently, as in the case of IHSs, the products of these projects have to interoperate. To assure appropriate accommodation of the interests of the affected directorates and the prudent management responsibilities of the Agency top-level management, a separate management process is needed to provide top-management control.

3. The top-management process should provide for milestone review of projects. There should be a number of go-ahead milestones for projects at which the requirements or specifications for the systems should be thoroughly documented and reviewed. The key issues at these reviews are such matters as:

- ° Validity of the requirements
- ° Adequacy of specifications
- ° Acquisition strategy

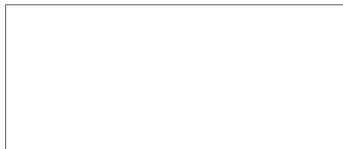
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- ° Performance versus cost versus schedule; and risk and realism of each combination
- ° Compatibility with the Agency's strategic plan and IHS functional network
- ° Readiness to proceed to next phase--i.e., whether phase objectives have <sup>actually</sup> been ~~actually~~ met
- ° Whether adequate support and supporting services planning has been done, e.g., training, logistics, O&M

Clearly, the availability of answers to such questions is determined by the exigencies of the project.

4. Since the budget perspective is more strategic, it is based on projections of need and generic technological capabilities. The fact that it is planned to spend X dollars 198X to provide a new capability does not mean that when 198X arrives, the Agency will have done its homework to know how best to do that. In fact, it may not ever have a clear definition of the requirements for the system. For on-going projects, the planned budget may be found inadequate part way through the project, requiring major decisions as to corrective responses. While the budget provides, it is a very poor tool for top-level project management.

5. It is my belief that achievement of the specified objectives for the Office of the Information Handling Systems Architect (IHSA) depend on the institution of management policies and procedures for the development of IHSs. These policies and procedures should define management responsibilities by thresholds, define milestones for required reviews, and policies with respect to assignment of responsibilities. The development of the Agency-wide strategic plan for IHSs, when developed, will provide the long-range budgeting framework.



Information Handling Systems Architect

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